



Nebraska Sales and Use Tax

**General Information
2015**

revenue.nebraska.gov

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Departmental training staff.*

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*Nebraska tax statutes, regulations,
information guides, and other resources are available
at revenue.nebraska.gov.*






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Effective October 1, 2014, sales of all repair and replacement parts used to repair agricultural machinery and equipment used in commercial agriculture are exempt from sales and use taxes. [Click here for more information.](#)



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Sales Tax Exemption for Agricultural Repair and Replacement Parts

Effective October 1, 2014, sales of all repair and replacement parts used to repair agricultural machinery and equipment used in commercial agriculture are exempt from sales and use taxes.

- **LB 96 (2014)**
- **News Release** (09/30/2014)
- **Information Guide: Agricultural Machinery and Equipment Sales Tax Exemption**
- **Nebraska Resale or Exempt Sale Certificate, Form 13**

The purchaser must issue to the seller a properly completed Form 13, Section B, exempt category 2, to exempt the purchase from tax.

- **Nebraska Sales and Use Tax Refund Claim for Agricultural Machinery and Equipment Purchases or Leases, Form 7AG-1**
- **Nebraska Sales Tax Exemption Chart**
- **Reg-1-094, Agricultural Machinery and Equipment Refund**

Nebraska Department of Revenue Site Map

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Main Revenue Site

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E-file and Electronic Payment Mandates

The payment threshold is lowered annually.

- July 1, 2014 \$ 8,000
- July 1, 2015 \$ 7,000
- July 1, 2016 \$ 6,000
- July 1, 2017 and after \$ 5,000

Any businesses with multiple locations that have been granted permission to file “combined” sales tax returns must e-file.

For more detailed information on e-file and electronic payment requirements, see our [website](#).

Today's Agenda

- Nebraska Sales Tax
- Sales Tax is Calculated on Gross Receipts
- Delivery Location and the Local Sales Tax
- Collecting, Documenting, and Reporting Sales Tax
- Nebraska e-pay
- What is Use Tax?
- Other Tax Information

Nebraska Sales Tax

For more information, see the [Sales and Use Tax Regulations](#) on our website.

Sales tax is...

- ... a transactional tax,
- ... based on the transaction,
- ... rather than the item sold.

A sale is...

- ... the transfer of title or possession,
- ... of an item or taxable service,
- ... for consideration.

Where the item or service is delivered determines the local sales tax rate and to whom the tax is due.

A lease or rental of tangible personal property...

...can be a sale,

...if there is transfer of possession.

Sales tax is due on each
lease or rental payment.

All sellers...

- ...are the consumers of anything they use to sell their items and services; and
- ...must pay tax on them.

Example 1. Cash registers

Example 2. Security services

Taxable Services

- Animal specialty services
- Building cleaning
- Computer software training
- Detective services
- Installing/applying tangible personal property
- Motor vehicle towing, washing/waxing, painting
- Pest control services
- Recreational vehicle (RV) park services
- Security services
- Repair labor (with 5 exceptions – see slide 55)

For a more complete list of taxable and nontaxable services, see the [Nebraska and Local Sales Tax Information Guide](#) on our website.

All service providers...

...are the consumers of the taxable items and services used to provide the service; and
...must pay tax on those items or services
(even if the charge for the service is also taxable).

Example 1: The carwash does not sell soap and wax, but a “car wash.”

Example 2: A window cleaner is not selling window cleaning solution, but “clean windows.”

Collecting Sales Tax

- Collected by the seller as an agent for the State
- Held in trust for the State of Nebraska
- Must have a sales tax permit
- Collection fee

Sales Tax is Calculated on Gross Receipts

Gross receipts...

...means the total amount of a sale or lease for a consideration.

Sales tax is calculated on the gross receipts of the sales transaction.

For more information, see [Reg-1-007](#) – Gross Receipts Defined.

Delivery Location and the Local Sales Tax

The delivery location determines the Local Sales Tax.

- The delivery location is where the purchaser picks up the item or where he/she takes possession of it.
- The local sales tax rate depends on whether the delivery location is inside or outside city limits.
- When delivery is outside Nebraska, contact the other state.

Local Sales Tax Increase

[Neb. Rev. Stat. § 77-27,142](#)

- A municipality, except Omaha, may impose a local sales tax of 1.75% or 2% if the rate increase is approved by at least 70% of the municipality's governing body and by a vote of the voters residing in the municipality.
- For further information, contact Karen Barrett at 402-471-5980.

[Sales Tax Rate Finder](#)

Collecting, Documenting, and Reporting Sales Tax

The Bottom Line for Sales Tax

- All sales transactions are presumed taxable.
- Sales tax must be separately stated (with 4 exceptions).

The Bottom Line for Sales Tax

Sellers must collect sales tax
or
document why they did not.

Documenting Exempt Sales

- **Form 13**
- Sellers keep completed copies of Form 13.
- A “blanket” form is valid until it is revoked in writing by the purchaser.

Documenting Exempt Sales

Nebraska Resale Certificate Form 13, Section A

- Purchases for resale
- Items that become a component part of a product to be sold

Form 13, Section A



Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption

• Read instructions on reverse side/see note below

RESET FORMFORM
13

NAME AND MAILING ADDRESS OF PURCHASER			NAME AND MAILING ADDRESS OF SELLER		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

Check Type of Certificate
☐ Single Purchase ☐ Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.

I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:

Check One ☐ Purchase for Resale (Complete Section A) ☐ Exempt Purchase (Complete Section B) ☐ Contractor (Complete Section C)

SECTION A — Nebraska Resale Certificate

Description of Item or Service Purchased

I hereby certify that the purchase, lease, or rental of
from the above seller is exempt from the Nebraska sales tax as a purchase for resale, rental, or lease in the normal course of our business, either in the
form or condition in which purchased, or as an ingredient or component part of other property to be resold.

I further certify that we are engaged in business as a: ☐ Wholesaler ☐ Retailer ☐ Manufacturer ☐ Lessor
of Description of Product Sold, Leased, or Rented

If None, State Reason

and hold Nebraska Sales Tax Permit Number 01-

or Foreign State Sales Tax Number

State

For more detailed information, refer to the [Form 13 instructions](#).

Nebraska Exempt Sale Certificate

Form 13, Section B

- Specific governmental units
 - [Governmental Entities](#) – Information guide
 - [Reg-1-012C](#) – Entity-based exemptions
- Certain exempt organizations
 - [Nonprofits](#) – Information guide
 - [Nonprofits](#) – PowerPoint slides
 - [Reg-1-090](#) – Nonprofit organizations
 - [Reg-1-091](#) – Religious organizations
 - [Reg-1-092](#) – Educational institutions

more...

Form 13, Section B

- Qualified manufacturing machinery and equipment (MME)
 - [MME](#) – Information guide
 - [MME](#) – PowerPoint slides
 - [Reg-1-107](#) – MME Exemption
- Vehicles and parts for vehicles used by a common or contract carrier
 - [Common or Contract Carrier](#) – Information guide
 - [Reg-1-069](#) – Common & Contract Carriers

more...

Form 13, Section B

- Qualified commercial agricultural machinery and equipment (ag exemption)
 - [Ag](#) – Information guide
 - [Agri-business](#) – PowerPoint slides
 - [Reg-1-094](#) – Ag machinery & equipment refund
- Occasional sales (This exemption is very limited in scope!)
 - [Reg-1-022](#) – Occasional sales

Form 13, Section B



Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption

• Read instructions on reverse side/see note below

RESET FORMFORM
13

NAME AND MAILING ADDRESS OF PURCHASER			NAME AND MAILING ADDRESS OF SELLER		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

Check Type of Certificate

☐ Single Purchase ☐ Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.

I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:

Check One ☐ Purchase for Resale (Complete Section A) ☐ Exempt Purchase (Complete Section B) ☐ Contractor (Complete Section C)

SECTION B — Nebraska Exempt Sale Certificate

The basis for this exemption is exemption category _____ (Insert appropriate category as described on reverse of this form.)

If exemption category 2 or 5 is claimed, enter the following information:

Description of Item(s) Purchased

Intended Use of Item(s) Purchased

If exemption categories 3 or 4 are claimed, enter the Nebraska Exemption Certificate number. 05 - _____

If exemption category 6 is claimed, seller must enter the following information and sign this form below:

Description of Item(s) Sold

Date of Seller's Original Purchase

Was Tax Paid when Purchased by Seller?

Was Item Depreciable?

☐ YES ☐ NO☐ YES ☐ NO

For more information, see [Form 13 instructions](#).

There is a seminar just for [contractors](#)! Check the schedule to attend a class, request that we set a date to work with you directly, or check out the presentation using the link above!

Nebraska Form 13

Errors

- Seller accepts other state's form
- Incomplete or inaccurate
 - Completed with inaccurate information
 - Business entity type has changed, form is not valid

Things to consider

- Put process in place that makes sense for your business
- When accepting the Form 13, check for errors or omissions on the form
- Evaluate form storage system
 - Be sure you can locate forms upon request
 - Digital storage is acceptable

Reporting Sales Tax

- E-file a Form 10.
- For e-file instructions, please go to the Department's website.
- A return must be filed even if there are no sales to report.

Nebraska Department of Revenue

CUSTOMER_ACCEPTANCE_TESTING NebFile for Business

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START RETURN

COMPLETE FORMS

MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

Schedule I - Local Sales and Use Tax

The program defaults to calculate tax when the amount subject to tax is entered. Click [Enter Tax](#) to have the program calculate the amount subject to tax when tax is entered.

+ Select File to Upload

Click this button to select a comma-separated values (CSV) file to upload. [Click here](#) for a description of the required format.

Local Jurisdiction Local Code ?	Rate	Use Tax		Sales Tax	
		1 Amount Subject to Local Use Tax	2 Local Use Tax	3 Amount Subject to Local Sales Tax	4 Local Sales Tax
Elgin (164)	.010	<input type="text"/>	.00	<input type="text"/>	.00
Totals		.00	.00	.00	.00

Select a Jurisdiction Not Listed Above

(To add a jurisdiction click + below)

Select One

- The file upload feature allows taxpayers who report sales tax to multiple tax jurisdictions to upload a comma-separated values (CSV) file.
- There is no requirement to use this feature. It is simply a convenience some filers may choose. See “Click here” for more information.

Collecting, Documenting, and Reporting Sales Tax (continued)

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Nebraska Net Taxable Sales and Use Tax Worksheets

Net Taxable Sales Worksheet

1. Gross Sales and Services in Nebraska [\[1-007\]](#) Line 1, Form 10

ALLOWABLE EXEMPTIONS AND DEDUCTIONS FROM GROSS SALES

☐ A. Sales of nontaxable services as shown in [Regulation \[1-12\]](#)

☐ B. Sales of items sold for resale as shown in [Regulation \[1-013\]](#)

☐ C. Sales to exempt purchasers as shown in [Regulation \[1-012\]](#)

☐ D. Sales of exempt items as shown in [Regulation \[1-012\]](#)

☐ E. Exempt Sellers as shown in [Regulation \[1-012\]](#)

☐ F. Use-based exemptions as shown in [Regulation \[1-012\]](#)

☐ G. Other allowable deductions. Click here for a list of allowable deductions and the applicable regulations

☐ H. Subtotal of all allowable exemptions and deductions [A through G]

2. Net Taxable Sales (Line 1 minus Line H) Line 2, Form 10

Nebraska Use Tax Worksheet

[\[Guide\]](#) [\[Regulation\]](#)

1. Cost of items and taxable services purchased for use in Nebraska on which tax was not paid

2. Cost of items withdrawn from inventory for personal or business use

3. Total amount subject to Nebraska use tax (line 1 plus line 2)

4. Nebraska use tax (line 3 multiplied by the rate identified on line 3 of Form 10)

5. Credit for tax paid to other states on items in line 4

6. Nebraska use tax due (line 4 minus line 5). Line 4, Form 10

Move values below to Form 10

Form 10, Line 1 Form 10, Line 2 Form 10, Line 4

This screen shows the optional Net Taxable Sales Worksheet used to help calculate lines 1 and 2 on Form 10.

Collecting, Documenting, and Reporting Sales Tax (continued)

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START RETURN

COMPLETE FORMS

MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

Form 10

[Click here to use the worksheet for lines 1, 2, and 4](#)

Nebraska and Local Sales and Use Tax Return - Form 10 ?

1.	*Gross sales and services	1.	
2.	*Net Taxable sales	2.	
3.	Nebraska sales tax (line 2 multiplied by 0.055)	3.	
4.	Nebraska use tax	4.	
5.	Local use tax (From Schedule I)	5.	40.00
6.	Local sales tax (From Schedule I)	6.	60.00
7.	Total Nebraska and local sales tax (line 3 plus line 6)	7.	60.00
8.	Sales tax collection fee (line 7 multiplied by 0.025; Maximum allowed \$75.00 per location)	8.	1.50
9.	Sales tax due (line 7 minus line 8)	9.	58.50
10.	Total Nebraska and local use tax (line 4 plus line 5)	10.	40.00
11.	Total Nebraska and local sales and use tax (line 9 plus line 10)	11.	98.50
12.	Previous balance with applicable interest at 5.0% per year and payments received through	12.	
13.	BALANCE DUE (line 11 plus or minus line 12). Pay in full with return	13.	98.50

*Please click Save/Next to review your return.
Your return has not been filed until you receive a reference number.

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[Save](#)

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Property Assessment



Motor Fuels



Charitable Gaming



Nebraska Lottery

Electronic Payment Options for State Taxes

Mandate Information

Nebraska e-pay

State withdraws funds from your bank account, based on the information you provide.

ACH Credit

You work with your bank to deposit funds into the State's bank account.

Tele-pay

Click the Tele-pay button above for instructions on paying taxes by phone.

Credit Card

Use a credit card to make tax payments.

Payment Plan

Work with the Department to pay your balance due.

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What is Use Tax?

For more information, see [Reg-1-002](#) – Use Tax.

What is Use Tax?

- Use tax is due when Nebraska sales tax has not been paid on a taxable item or service purchased for use in Nebraska.
- Sales and use tax are not both due on the same transaction.
- The big difference is who remits the tax -
 - Sales tax is collected and remitted by the seller.
 - Use tax is paid directly to the Department by the purchaser/consumer.

Use Tax and Sales Tax Have These Things in Common –

- They are imposed on the same transactions.
- They have the same exemptions.
- They are calculated at the same rate.
 - Where delivery occurs; or
 - Where first usage in Nebraska takes place.

When Use Tax is Due

- Use tax is often due when purchases are made from an out-of-state seller
 - Internet, catalog, mail order
 - Magazines and journals by subscription
- Use tax is due when the business withdraws tax-free inventory for business or personal use (including donations)
 - Auto mechanic
 - Hair salon

Note: Be sure to maintain good records!

Reporting Use Tax

- Businesses report use tax on:
 - [Form 10](#); or
 - [Form 2](#).
- Individuals report use tax on:
 - [Form 3](#);
 - [Form 1040N](#); or
 - [Form 2](#) (only if claiming credit for tax paid to another state).

Note: Do not use Form 1040XN to make changes to individual use tax filings.

Businesses that hold
a Nebraska Sales
and Use Tax Permit,
must use [Form 10](#).

This screen shows the optional Nebraska Use Tax Worksheet used to help calculate line 4 on [Form 10](#).

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Nebraska Net Taxable Sales and Use Tax Worksheets

Net Taxable Sales Worksheet

1. Gross Sales and Services in Nebraska [\[1-007\]](#) Line 1, Form 10

ALLOWABLE EXEMPTIONS AND DEDUCTIONS FROM GROSS SALES

☐ A. Sales of nontaxable services as shown in [Regulation \[1-12\]](#)

☐ B. Sales of items sold for resale as shown in [Regulation \[1-013\]](#)

☐ C. Sales to exempt purchasers as shown in [Regulation \[1-012\]](#)

☐ D. Sales of exempt items as shown in [Regulation \[1-012\]](#)

☐ E. Exempt Sellers as shown in [Regulation \[1-012\]](#)

☐ F. Use-based exemptions as shown in [Regulation \[1-012\]](#)

☐ G. Other allowable deductions. Click here for a list of allowable deductions and the applicable regulations

H. Subtotal of all allowable exemptions and deductions [A through G]

2. Net Taxable Sales (Line 1 minus Line H) Line 2, Form 10

Nebraska Use Tax Worksheet
[\[Guide\]](#) [\[Regulation\]](#)

1. Cost of items and taxable services purchased for use in Nebraska on which tax was not paid

2. Cost of items withdrawn from inventory for personal or business use

3. Total amount subject to Nebraska use tax (line 1 plus line 2)

4. Nebraska use tax (line 3 multiplied by the rate identified on line 3 of Form 10)

5. Credit for tax paid to other states on items in line 4

6. Nebraska use tax due (line 4 minus line 5). Line 4, Form 10

Move values below to Form 10

Form 10, Line 1 Form 10, Line 2 Form 10, Line 4

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START RETURN COMPLETE FORMS MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

Schedule I - Local Sales and Use Tax

The program defaults to calculate tax when the amount subject to tax is entered. Click [Enter Tax](#) to have the program calculate the amount subject to tax when tax is entered.

Click this button (optional) if you would like to upload a comma-separated values (CSV) file instead of entering your Schedule I information manually. Click [here](#) for a description of the required format.

Click this button to remove all amounts shown in the schedule below.

Local Jurisdiction Local Code ?	Rate	Use Tax		Sales Tax	
		1 Amount Subject to Local Use Tax	2 Local Use Tax	3 Amount Subject to Local Sales Tax	4 Local Sales Tax
Central City (094)	.010	<input type="text"/>	Enter Tax .00	<input type="text"/>	.00
Totals		.00	.00	.00	.00

Select a Jurisdiction Not Listed Above (To add a jurisdiction click below)

Select One

•Amounts for duplicate city codes will be summed and combined into a single row.

[Print this Form](#) (Optional) Back Save Save/Next

- On Schedule I, local jurisdictions reported within the last 12 months will be shown.
- The program defaults to enter the “Amount Subject to Tax.” Click on the blue “Enter Tax” link to enter the amount of tax.

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START RETURN

COMPLETE FORMS

MAKE PAYMENT

Schedule I | MVL | Form 10 | Review Forms

Form 10

[Click here to use the worksheet for lines 1, 2, and 4 \(Optional\)](#)

Nebraska and Local Sales and Use Tax Return - Form 10 ?

1.	*Gross sales and services	1.	6,000.00
2.	*Net Taxable sales	2.	500.00
3.	Nebraska sales tax (line 2 multiplied by 0.055)	3.	27.50
4.	Nebraska use tax (amount subject to use tax multiplied by 0.055)	4.	55.00
5.	Local use tax (From Schedule I)	5.	40.00
6.	Local sales tax (From Schedule I)	6.	60.00
7.	Total Nebraska and local sales tax (line 3 plus line 6)	7.	87.50
8.	Sales tax collection fee (line 7 multiplied by 0.025; Maximum allowed \$75.00 per location)	8.	2.19
9.	Sales tax due (line 7 minus line 8)	9.	85.31
10.	Total Nebraska and local use tax (line 4 plus line 5)	10.	95.00
11.	Total Nebraska and local sales and use tax (line 9 plus line 10)	11.	180.31
12.	Previous balance with applicable interest at 3.0% per year and payments received through	12.	
13.	BALANCE DUE (line 11 plus or minus line 12). Pay in full with return	13.	180.31

*Please click Save/Next to review your return.

Your return has not been filed until you receive a reference number.

[Print this Form](#) (Optional)

Back

Save

Save/Next



Business Nebraska and Local Use Tax Return

FORM
2

Use Tax (continued)

Nebraska ID Number	PLEASE DO NOT WRITE IN THIS SPACE
Tax Period	

NAME AND LOCATION ADDRESS			NAME AND MAILING ADDRESS		
Name Doing Business As (dba)			Name		
Legal Name					
Street Address (Do Not Use PO Box)			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

1 Cost of taxable items or services purchased for use in Nebraska when Nebraska sales tax has not been paid. (Include the cost of items withdrawn from inventory for use.)	1	\$	00
2 Nebraska use tax due (line 1 multiplied by .055)	2		

• Complete the following Local Use Tax Table (see instructions).

Local Use Tax Table				
CITY OR COUNTY CLICK HERE FOR CURRENT CODES AND RATES	LOCAL CODE	LOCAL TAX RATE	COLUMN A Amount Subject to Local Use Tax	COLUMN B Local Use Tax (Rate x Column A)
			00	
			00	
			00	
			00	
			00	

3 Total local use tax due (add amounts in Column B)	3		
4 Total Nebraska and local use taxes due (line 2 plus line 3)	4		
5 Credit for tax properly paid to other states and taxing jurisdictions on items included on line 1 (see instructions)	5		
6 Net Nebraska and local use taxes due (line 4 minus line 5)	6		
7 Previous balance with applicable interest at % per year and payments received through	7		

☐ Check this box if your payment is being made by Electronic Funds Transfer (EFT).

8 BALANCE DUE (line 6 plus or minus line 7). Pay in full with this return.	8	\$	
--	---	----	--

I declare under penalties of law that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.

sign
here ▶

Authorized Signature _____ Date _____ Signature of Preparer Other Than Taxpayer _____ Date _____

Title _____ Daytime Telephone Number _____ Daytime Telephone Number _____

E-Mail Address _____ E-Mail Address _____

THIS RETURN IS DUE ON OR BEFORE THE 25TH DAY OF THE MONTH FOLLOWING THE TAX PERIOD INDICATED ABOVE.

Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, PO BOX 98923, LINCOLN, NE 68509-8923.

www.revenue.ne.gov, (800) 742-7474 (NE and IA), (402) 471-5729

6-158-1974 Rev. 3-2011
Supersedes 6-158-1974 Rev. 5-2009

Businesses
use **Form 2** if
they do not
hold a sales
tax permit.

General STX
2015 - 48

Social Security Number

PLEASE DO NOT WRITE IN THIS SPACE

NAME AND MAILING ADDRESS

Name

Street or Other Mailing Address

City

State

Zip Code

1 Cost of taxable items or services purchased for use in Nebraska when Nebraska sales tax has not been paid.....

1

\$

00

2 Nebraska use tax due (line 1 multiplied by .055).....

2

• Complete the following Local Use Tax Table (see instructions).

Local Use Tax Table				
CITY OR COUNTY CLICK HERE FOR CURRENT CODES AND RATES	LOCAL CODE	LOCAL TAX RATE	COLUMN A Amount Subject to Local Use Tax	COLUMN B Local Use Tax (Rate x Column A)
			00	
			00	
			00	
			00	
			00	

3 Total local use tax due (add amounts in Column B)

3

4 Nebraska and local use tax due (line 2 plus line 3). Pay in full with this return.....

4

\$

I declare under penalties of law that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.

**sign
here**

Taxpayer Signature

Date

Signature of Preparer Other Than Taxpayer

Date

Daytime Telephone Number

Daytime Telephone Number

E-Mail Address


E-Mail Address

Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, PO BOX 98923, LINCOLN, NE 68509-8923.

www.revenue.ne.gov, (800) 742-7474 (Nebraska and Iowa), (402) 471-5729

Individuals
use **Form 3**.

Use Tax

		Nebraska Individual Income Tax Return for the taxable year January 1, 2014 through December 31, 2014 or other taxable year: , 2014 through _____		FORM 1040N 2014	
Please Type or Print	Your First Name and Initial		Last Name		PLEASE DO NOT WRITE IN THIS SPACE
	If a Joint Return, Spouse's First Name and Initial		Last Name		
	Current Mailing Address (Number and Street or PO Box)				
	City		State	Zip Code	

38 Use tax due on taxable purchases where applicable sales tax was not collected. (see instructions)

Enter purchases subject to state tax **91** \$ _____ State tax **92** \$ _____ (purchases x 5.5%);

Enter purchases subject to local tax **93** \$ _____ Local tax **94** \$ _____ (purchases x local rate of _____%);

95 Local code _____ (see local rate schedule);

Add state and local taxes and enter on line 38. If no use tax is due, enter -0- on line 38.

38

00

- Report individual use tax on line 38 of Form 1040N.
- If the taxpayer has a credit for tax paid to another state, along with use tax, report both the credit and tax on [Form 2](#).
- If the taxpayer needs to report use tax to multiple local jurisdictions, report it on [Form 3](#).

Note: Do not report business use tax on Form 1040N.

Summary of Sales Tax

- Nebraska Sales Tax
- Sales Tax is Calculated on Gross Receipts
- Delivery Location and the Local Sales Tax
- Collecting, Documenting, and Reporting Sales Tax
- Nebraska e-pay
- What is Use Tax?

Other Tax Information

Labor Charges Associated with Personal Property

- Taxable
 - Production and assembly labor
 - Installation and repair labor when the item is taxable
- Exempt
 - Installation labor when the item is exempt
 - Repair labor (see the next slide)

For more information, see [Reg-1-082](#) – Labor Charges.

Exempt Repair Labor Charges

- Licensable motor vehicle
- Agricultural machinery and equipment used in commercial agriculture
- Qualifying prosthetic devices and durable medical equipment ([Form 13](#) required)
- Mobility-enhancing equipment ([Form 13ME](#) required)
- Qualified MME ([Form 13](#) required)

Gross Receipts

Four exceptions to separately stating sales tax:

- Admissions
- Alcohol by-the-drink
- Concessions
- Vending machines

For more information, see [Reg-1-007](#) – Gross Receipts Defined.

Example:

You charge your customer \$10 for a pitcher of beer in a city with a 1.5% local sales tax.

The customer's bill would show:	
Pitcher of beer	\$10

To determine gross receipts and the amount of sales tax:

- Divide \$10 by 1.07 (1 plus the total state and local sales tax rate). The gross receipts is \$9.35.
- Subtract \$9.35 from \$10 to get \$0.65, which is the tax.

Gross receipts (sales price)	= \$9.35
State and local sales tax	= \$0.65

Delivery Charges

Delivery charges are taxable when:

- the buyer pays the seller for the delivery charge and
- the transaction is taxable.

Delivery charges are taxable regardless of the method of delivery.

Delivery Charges

If you owe use tax on a purchase, you also owe use tax on any delivery charge paid to the seller as part of that purchase.

Tips and Gratuities

- Discretionary (nontaxable)
- Mandatory (taxable)

Containers

There are two types:

- Returnable
 - Taxable to the person who will place contents into them.
- Nonreturnable
 - Nontaxable when the person will fill the container and sell the contents with the container.

For more information, see [Reg-1-043](#) – Containers.

Prepaid Wireless Telecommunication Services

Prepaid mobile phones and phone cards are subject to both:

- Sales and Use Tax; and
- Prepaid Wireless Surcharge.

For more information, see [FAQ Prepaid Wireless Surcharge](#)

Software and Digital Goods & Services

Taxable Examples

Software/software installation

- Tangible medium
- Internet transferred software
- Software training/re-training by the seller
- Maintenance agreements with updates

Digital goods

- Electronic books and book clubs
- Downloading songs & ringtones
- Movies, music videos, & TV shows

Services

- Virus protection software, monitoring services, security services, and testing

Software and Digital Goods & Services

Nontaxable Examples

Software/software installation

- Cloud computing
- Accessing web-based applications (no code necessary)
- Access codes for online subscription services

Digital goods

- Web design without license transfer
- Electronically-transferred photographs

Services

- Help desk without updates

For more information, see [Reg-1-088 – Software](#) and the [Computer Software](#) information guide.

Manufacturing Machinery & Equipment (MME)

Manufacturing Machinery and Equipment (MME) is Exempt:

When the purchaser of qualified equipment is engaged in manufacturing.

- The revenue test for manufacturing activity (See Reg 1-107.02)
no longer applies per
Farmers Cooperative v.
Nebraska Department of Revenue.

Manufacturing Machinery and Equipment (MME) is Exempt:

- A Form 13 must be issued to the retailer of the MME.
- The percent of usage test for manufacturing equipment (See Reg 1-107.02) **no longer applies** per *Kerford Limestone Co. v. Nebraska Department of Revenue*.

The Sales and Use Tax Regulations
will be updated to reflect the court decisions referenced above.

MME Includes Machinery or Equipment Used for

- Producing, fabricating, assembling, processing, molding, shaping, finishing, refining, or packaging tangible personal property
- Transporting, conveying, handling, or storing the manufactured goods or raw materials
- Maintaining the integrity of the products or unique environmental conditions for the products or MME itself

more...

MME Includes...

- Testing or measuring the product, the manufacturing process, or the quality of the finished products
- Computers, software, and peripheral equipment used to guide, control, operate, or measure the manufacturing process
 - Example:
Software used to direct robotic assembly line equipment to move the product down the line.

more...

MME Includes...

- Self-constructed equipment
- Replacement parts
- Repair labor charges

MME Does Not Include...

- Licensable motor vehicles
- Tools powered by hand
- Security equipment
- Safety apparel
- Office equipment
- Repair shop equipment
- Most cleaning equipment
- Equipment used for research and development

Just a Few More Things...

Drugs

Drugs for human use are tax exempt when prescribed in writing by a physician or dentist

- Drugs can be either dispensed by a pharmacist or administered by a health care professional
- Refilling a prescription

Over-the-counter drugs for human use are taxable when purchased

- With or without prescription

Medicines for Food-Producing Animals

Medicines for animal life, the products of which ordinarily constitute food for human consumption, can be purchased tax exempt.

Examples include, but are not limited to:

- Bees
- Sheep
- Cattle
- Swine
- Chickens
- Turkeys
- Game birds

Medicines for Nonfood-Producing Animals

Medicines for nonfood-producing animals are subject to sales tax.

Examples include, but are not limited to:

- Domesticated elk and deer
- Horses, donkeys, mules, and work animals
- Ostriches and emus
- Pets (birds, cats, dogs, etc.)

This includes any nonfood-producing breeding stock.

Bottom Line for Drugs

Prescription drugs filled by a pharmacy or administered by a health professional for human use are tax exempt.

Prescription drugs filled by a pharmacy for animals that are not raised for food (for example, dogs or cats) are taxable.

Sales and Use Tax

- New Sales Tax Exemptions
 - Gold, silver, platinum, or palladium bullion (04/01/14)
 - Metal or paper used as currency (04/01/14)
 - Separately-stated charges for U.S. postage on direct mail (04/01/14)
 - Liberalized qualifications for C-BED projects (07/18/14)
 - Agricultural repair and replacement parts (10/01/14)
 - Energy used to compress natural gas used as a fuel for motor vehicles (01/01/15)

For more detailed information, see [2014 Nebraska Legislative Changes](#) on our website.

Sales and Use Tax

- ATV/UTV – The county treasurer will collect sales tax from purchasers of ATVs and UTVs, as defined, at the time the vehicle is titled (rather than at the point of sale).

Note – The county treasurer will collect local sales tax based on where the purchaser takes possession (not the place of titling).

Purchasing a Business = Buying a Liability?

The buyer can be held liable for taxes due by the previous owner up to the amount of the purchase price, even if a lien has not been recorded.

Protect yourself!

- **Certificate of Clearance:**
 - Buyer or seller requests and receives the certificate in writing.
 - If buyer makes request, seller must sign the form.
 - Request the certificate by filing a Form 36, Tax Clearance Application.
 - Form 36 should be filed at least 15 days prior to closing.
- **The Department will:**
 - Advice whether or not buyer should withhold funds from the purchase amount, including any assumed debt, to cover outstanding tax liability.

For more information see Successor in Interest, [§ 77-2707 Sales and Use Tax](#), and Transferee, [§ 77-27,110 Income Tax Withholding](#).

Failure to Keep Records Could Lead to:

- Tax assessments
- License suspension
- License revocation

For more information, see [Neb. Rev. Stat. § 77-2705\(6\)\(a\)\(ii\)](#)

Why Would We Audit You?

- Audit of another taxpayer
- Department staff experiences
- Referrals from outside sources
 - Media
 - Tip line
 - Other government agencies
- Data mining
 - Comparisons with other companies
 - Trends, patterns, and relationships
 - Industry standards
- Follow-up audits

Records

- Every seller is required to keep records.
 - Documents
 - List of items or services consumed in the business
 - Normal books of account
 - Receipts showing taxes paid
 - Resale and exempt sale certificates
 - Schedules
 - Working papers used in preparing tax returns

We recommend you retain records for 5 years after a return is filed.

For more information, see [Reg-1-008](#) – Records.

Electronic cigarette

- E-cig
- E-cigarette

Personal vaporizer

- PV

Electronic nicotine delivery system

- ENDS

These devices, including the replacement tanks or cartridges, are tangible personal property and subject to sales and use tax.

Electronic cigarettes do not contain tobacco. They are not subject to Nebraska tobacco tax.



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800-742-7474
revenue.nebraska.gov

Thank you!